

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:4436
ANSWERED ON:18.12.2002
IT EXPORT TO JAPAN
GADDAM GANGA REDDY

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

:-

- (a) whether IT Industry is facing any hurdles in IT exports to Japan;
- (b) if so, the details thereof; and
- (c) the action proposed to remove the hurdles?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SANJAY PASWAN)

(a) and (b): Yes, Sir.

1. Charging of 20% withholding tax on payment against export of Software and Services from India by interpreting the same as Technical Services. 2. Language problems.

(c): 1. The issue of charging of 20% withholding tax was taken up by the Indian competent Authority with their counterpart Japanese Competent Authority and their Tax Policy Division in a recent visit to Japan. However, the issue has not yet been resolved as it involves interpretation of Indo-Japan Double Taxation Avoidance Agreement and reaching a mutually acceptable understanding. 2. Department of Commerce, Ministry of Commerce & Industry, Government of India is supplementing the efforts of Indian IT Industry through a Scheme 'Language Related Market Access Facilitation Initiative' (LRMAFI) to help exporters learn Japanese language. Under the Scheme, 75% of the tuition fee is reimbursed.